



REC'D TN
REGULATORY AUTH.

BellSouth Telecommunications, Inc.
333 Commerce Street
Suite 2101
Nashville, TN 37201-3300

joelle.phillips@bellsouth.com

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February 20, 2002

OFFICE OF THE
EXECUTIVE SECRETARY

Joelle J. Phillips
Attorney

615 214 6311
Fax 615 214 7406

VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Formal Complaint of Universal Telecom, Inc.*
Docket No. 01-00613

Dear Mr. Waddell:

Please accept this letter and its attachments in response to your letter of February 13, 2002. Mr. Edward T. Depp, counsel for Universal Telecom, Inc., has reviewed a draft of this letter and has given BellSouth permission to represent that this letter and its attachments also responds to your letter of February 13, 2002 to Mr. Depp.

Enclosed is a copy of the executed Settlement Agreement and Release resolving the complaint filed in the above-referenced docket. Also enclosed is a proposed Agreed Order of Dismissal executed by the parties.

The parties are finalizing an amendment to the interconnection agreement incorporating the terms of the Settlement Agreement, and that amendment will be submitted to the Authority as soon as possible.

Please do not hesitate to call if you have any questions.

Very truly yours,

Guy M. Hicks

GMH:ch

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE ("Agreement") is made by and between Universal Telecom, Inc. ("Universal Telecom"), a Kentucky corporation, and BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, both of whom are parties to an action before the Tennessee Regulatory Authority (the "Authority"), Docket No. 01-00613.

RECITALS

1. Universal Telecom is the complainant and BellSouth is the defendant in an action before the Authority, styled and numbered *In the Matter of Universal Telecom v. BellSouth Telecommunications, Inc.*, Docket No. 01-00613.

2. The claim in dispute in Docket No. 01-00613 concerns the Applicable Discounts Exhibit (Exhibit A, page 16) to the Resale Agreement that is Attachment 1 of the Agreement Between BellSouth Telecommunications Inc. and Universal Telecom, Inc., effective October 16, 2000 (the "Interconnection Agreement").

3 The parties to this Agreement desire to dissolve, compromise, and forever release and discharge the claims that they may have against the other in Docket No. 01-00613.

4 The parties have each been represented in the negotiation and preparation of this Agreement by counsel. The fact that one or the other party, or its attorney, shall have chosen or drafted any particular language used in this Agreement shall not be used to construe that part of the Agreement unfavorably against that party.

5 The parties affirmatively acknowledge, represent, warrant, and recite that:

A. They have been represented independently in the negotiation, drafting, and signing of this Agreement by counsel of their own choosing;

B. No representations, covenants, or warranties have been made in connection with this Agreement other than as specifically set forth in this document;

C. The signing of this Agreement is done freely and voluntarily after receiving the advice of independent counsel, and not as the result of any fraud, undue influence, coercion, or duress of any kind; and

D. The parties have carefully read each provision of this Agreement and understand the Agreement.

AGREEMENT

THEREFORE, in consideration of the mutual covenants made herein, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. **Releases.**

A. BellSouth shall apply a credit of Seventy-Five Thousand Dollars (\$75,000.00) to Universal Telecom's resale account. That credit shall be applied on the next bill BellSouth sends Universal Telecom after the execution of this Agreement and shall remain in effect until the entire credit is exhausted by Universal Telecom. Universal Telecom shall not be required to pay BellSouth any monies under the Interconnection Agreement until the entire Seventy-Five Thousand Dollar (\$75,000.00) credit is fully exhausted.

B. Universal Telecom agrees to order an appropriate Operator Services / Directory Assistance block set forth in BellSouth's tariffs for each line Universal Telecom resells to end users in Tennessee.

C. BellSouth shall provide Universal Telecom with a 21.56% discount rate on telecommunications services that Universal Telecom purchases for resale to end users in Tennessee. The 21.56% discount rate shall be effective as of November 6, 2001, and it shall

continue throughout the term of the current interconnection agreement, subject to any adjustments that may be approved by the Authority.

D. Universal Telecom does not currently resell Lifeline service to an end user in Tennessee. In the event that Universal Telecom resells Lifeline service to any end user in Tennessee during the term of the current interconnection agreement, BellSouth will begin applying the 16% discount rate to all services Universal Telecom resells to Tennessee customers unless and until Universal Telecom and BellSouth implement a billing arrangement by which a separate Q-account associated with a separate Operating Company Number is established for Universal Telecom, and all of the services Universal Telecom resells to its Lifeline customers in Tennessee (and no services that Universal Telecom resells to its non-Lifeline customers in Tennessee) are billed under this separate Q-account. Once such separate Q-account is established, the 16% discount will apply to the resold services billed under this separate Q-account and the 21.56% resale discount will apply to the resold services billed under any other accounts. Such Q-account shall be established within a reasonable period of time.

E. The parties hereby fully and forever release and discharge each other from any and all claims, causes of actions, grievances, attorney fees, and expenses of any nature whatsoever which now or may exist or might be claimed to exist arising out of the contractual dispute (regarding the applicable discount rate when Universal Telecom does not allow its customers to access Bellsouth-provided OS/DA) forming the basis of the complaint that is the Authority's Docket No. 01-00613.

F. Each party shall bear its own costs incurred in connection with this dispute.

3 **Dismissal of the Action.** The parties agree that concurrently with the execution of this Agreement they shall cause to be executed and tendered to the Authority an Agreed Order of Dismissal, with prejudice. This Agreed Order of Dismissal shall dismiss the claim brought by Universal Telecom against Bell South.

4. **No Admission of Liability.** The parties acknowledge that the terms of this Agreement constitute the compromise of a disputed claim and that the execution and performance of this Agreement are not admissions of liability by any party for any matter or precedent upon which liability may be assessed.

5. **Severability.** If any provisions of this Agreement or its application to any circumstances are held invalid, the validity of that provision in any other circumstance and the validity of the remaining provisions of this Agreement shall not be affected.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

6. Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding its subject matter. It supersedes any alleged prior agreements, correspondence, arrangements and understandings between the parties. No representation, promise, inducement or statement of intent by or on behalf of any party has been made, if not embodied in this Agreement. The terms of this Agreement may not be waived, modified or supplemented except in writing signed by all parties thereto.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: Douglas R. Follenmaier

Its
Date: February 19, 2002

STATE OF Georgia)
)SS
COUNTY OF Gwinnett)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by D. Follenmaier
this 19 day of ~~November, 2001~~
February, 2002 df

My commission expires:

Notary Public, Gwinnett County, Georgia
My Commission Expires Feb. 19, 2004

Jamie E Padgett
NOTARY PUBLIC

UNIVERSAL TELECOM, INC.

By: 

Edward T. Depp, Esq.

Its: Authorized Representative/Attorney-in-Fact

Date: 2-20-02

COMMONWEALTH OF KENTUCKY)

) SS

COUNTY OF JEFFERSON)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by
EDWARD T. DEPP this 20th day of February 2002.

My commission expires: 1/20/04


NOTARY PUBLIC

CERTIFICATE OF SERVICE

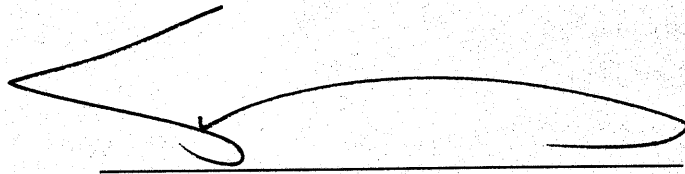
I hereby certify that on February 20, 2002, a copy of the foregoing document was served on the parties of record, via the method indicated:

☐ Hand
☒ Mail
☒ Facsimile
☐ Overnight

Michael J. Blade, Esquire
Dinsmore & Shohl
414 Union St., #1100
Nashville, TN 37219

☐ Hand
☒ Mail
☒ Facsimile
☐ Overnight

John Selent, Esquire
Edward T. Depp, Esquire
Dinsmore & Shohl
462 S. Fourth Ave., #2000
Louisville, KY 40202

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a horizontal line, is written over a horizontal line.